

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CIAE-00 CIEP-01

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC IMMEDIATE 3933

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E.O. 11652: N/A

TAGS: EINV, AR

SUBJECT: ARGENTINE NATIONALIZATIONS; STANDARD ELECTRIC

AND EXXON

REF: (A) STATE 302778, (B) BUENOS AIRES 8287, (C)

BUENOS AIRES 8257

1. EXXON: EXXON REPS MET WITH SECRETARY OF ENERGY
SETTI ON DEC 26 AS REQUESTED BY GUIDO DI TELLA AT
DEC 15 MEETING (REFTEL B). SETTI HAD JUST
RECENTLY RETURNED FROM MEETING IN PARIS, WAS NOT
FULLY BRIEFED AND THEREFORE NOT READY TO MAKE ANY
COMMITMENT TO EXXON. HE SAID, HOWEVER, HE WOULD
STUDY DOCUMENT SUBMITTED BY EXXON
(SAME AS THAT PREVIOUSLY GIVEN TO DI TELLA)
AND WOULD BE PREPARED FOR FURTHER DISCUSSION IN A
SHORT TIME. ESSO ARGENTINA PRESIDENT LELLA BELIEVES
THAT MEETING WAS CONSTRUCTIVE GIVEN THE CIRCUMSTANCES,
BECAUSE OF SETTI'S FORTHCOMING ATTITUDES DURING
THE CONVERSATION EVEN THOUGH THERE WERE NO TANGIBLE RESULTS.
LELLA IS HOPEFUL OF CHANCES FOR PROGRESS AT ESSO'S
NEXT MEETING WITH SETTI.

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2. STANDARD ELECTRIC (CSEA): MEETING SCHEDULED FOR DEC 24 (REFTEL C) TOOK PLACE WITH DI TELLA PRESIDING. ALSO PRESENT WERE TARUELLA, VICE PRESIDENT OF CORPORACION DE EMPRESA; AN ECON MINISTRY OFFICIAL; COL. GANDOLFO, HEAD OF ENTEL AND HIS DEPUTY BLANCO; PLUS AN ATTORNEY. GABRIELLONI, WHO REPRESENTED CSEA REPORTED HE WAS WELL-RECEIVED AND THAT DISCUSSION WAS CONSTRUCTIVE. WITH REGARD TO ADDITIONAL WORK ORDERS FOR CSEA, ENTEL HAS WRITTEN AN APPROVAL FOR WORK ON A CENTRAL EXCHANGE TO BE GIVEN DIRECTLY TO CSEA WITHOUT PRIOR TENDERS. A MEETING IS SCHEDULED FOR DEC 29 AT ENTEL FOR FURTHER CONSIDERATION OF THE WORK TO BE DONE. MEANWHILE ENTEL WILL SEEK A SOLUTION FOR THE DISPOSAL OF EQUIPMENT CONSTRUCTED BY CSEA UNDER THE OLD, CANCELLED CONTRACT AND NOW IN CSEA'S CUSTODY. ENTEL WANTS THIS EQUIPMENT BADLY AND AN ATTEMPT WILL BE MADE TO WORK OUT AN ARRANGEMENT WHEREBY ENTEL CAN TAKE DELIVERY, BUT CSEA WILL NOT LOSE ANY RIGHTS WITH RESPECT TO A LATER COURT DECISION ON THE CONTRACT.

3. ENTEL DEBT UNDER EARLIER CONTRACT: DI TELLA AND OTHERS AT THE MEETING AGAIN ADMITTED THE VALIDITY OF CSEA'S ARGUMENT THAT PART OF THE DEBT SHOULD BE PAID. THE DIFFICULTY, DI TELLA SAID (ACCORDING TO GABIRELLONI) WAS THAT THE POLITICAL SITUATION AND CONSEQUENCES OF MAKING SUCH PAYMENT WERE DELICATE AND CAREFUL ANALYSIS OF HOW TO HANDLE IT WAS REQUIRED. OTHERWISE THERE COULD BE A REACTION WHICH COULD BE HARMFUL TO BOTH CSEA AND GAO INTERESTS. DI TELLA WANTED TO HAVE A COMPLETE PLAN OF WORK TO BE DONE BY CSEA AND TO RECONSIDER THE CUSTODY OF EQUIPMENT PROBLEM BEFORE A DECISION WAS MADE. HE ALSO FELT THAT THESE STEPS SHOULD BE TAKEN BEFORE GUILFOYLE OF ITT VISITS BUENOS AIRES. A MEETING WAS AGREED UPON FOR JAN 9, BY WHICH TIME THE GAO AND CSEA WILL HAVE DEVELOPED PLANS FURTHER AND A DECISION MIGHT BE TAKEN. FURTHER ASPECTS OF FINANCIAL ASSISTANCE TO CSEA IN ORDER TO PUT THE PLANT IN OPERATION AT NORMAL LEVELS WOULD ALSO BE DISCUSSED AT THE JAN 9 MEETING.

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4. GABIRELLONI LEFT FOR THE US DEC 24 AND PLANS TO RETURN NO LATER THAN JAN 27. ITT REPS MAY THEREFORE BE IN TOUCH WITH DEPT OFFICIALS WITH REGARD TO THE ABOVE MEETING. GABIRELLONI SAID HE THOUGHT TANGIBLE PROGRESS WAS BEING MADE AND EMBASSY AGREES THAT THE GOA IS NOW TAKING DEFINITE STEPS TOWARD A SOLUTION.
HILL

NOTE BY OC/T: STADIS CAPTIN DELETED PER S/S-O: RPERSIKO

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